GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:147
ANSWERED ON:26.02.2009
AIRPORT USER DEVELOPMENT FEE
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government has given clearance to all the private airport developers to levy a development fee from the passengers;

(b) if so,the details thereof;

(c) whether the Ministry of Law had earlier opined that no fresh imposition of levy is permissible beyond the terms of agreement initially signed with the successful bidder;

(d) if so,the reasons for reversing this position and its impact on airfares;

(e) whether the Delhi International Airport Ltd.(DIAL) has sought the Government`s permission to impose a user Development levy on all outbound air travellers to offset its projected losses;and

(f) if so,the details of the financial implications from levy of such fees from the passengers?

Answer

MINISTER OF THE STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a),(b),(c),(d),(e) & (f) A Statement is laid on the Table of House.
Statement in reply to parts (a),(b),(c),(d) & (e) of the Lok Sabha () Question No.147 for 26.02.2009 regarding Airport User Development Fee.

(a) to (f): At present,there are five airports namely Cochin International Airport (CIA) at Cochin, Rajiv Gandhi International Airport (RGIA) at Shamshabad, Bangalore International Airport (BIAL) at Devenahalli,CSI Airport at Mumbai and IGI Airport at Delhi,being operated by private operators/ Joint Venture Companies (JVCs).Out of these,three airport i.e.CIA at Cochin,RGIA at Shamshabad and BIA at Devenahalli are new greenfield airports.For construction,operation,maintenance and management of RGIA and BIA, Government of India (GoI) have entered into a Concession Agreement with the respective joint venture companies namely Hyderabad International Airport Limited (HIAL) and Bangalore International Airport Limited (BIAL).

As per Article 10.2 and Schedule 6 of Concession Agreement the joint venture companies i.e. BIAL & HIAL are allowed to charge User Development Fee (UDF) to meet the revenue gap,if any,with prior approval of the GoI subject to such charge being consistent with ICAO (International Civil Aviation Organisation) policies.For the RGIA, GOI have approved,on an adhoc basis,levy of UDF @ Rs.1000/- (inclusive of all taxes) per embarking international passenger from the date of the opening of the airport and @ Rs.375 (inclusive of all taxes) per embarking domestic passenger w.e.f.22.08.2008. For BIA, GoI have approved,on an adhoc basis,levy of UDF @ Rs.1070/- (inclusive of all taxes) per embarking international passenger from the opening date of the airport and @ Rs.260/- (inclusive of all taxes) per embarking domestic passenger with effect from 16.01.2009.These levies have been made under Rule 89 of the Aircraft Rules 1937.

IGI Airport,New Delhi & CSI Airport at Mumbai have been restructured through joint venture route and leased to the Joint Venture Company M/s Delhi International Airport Pvt.Ltd (DIAL) & Mumbai International Airport Private Limited (MIAL) under Section 12A of the Airports Authority of India (AAI) Act 1994 and to this effect Airports Authority of India (AAI) has,inter-alia,entered into Operation,Management and Development Agreement (OMDA) with the Joint Venture Companies (JVCs) and handed over airports operations to the JVCs w.e.f. 03.05.2006.

For IGI Airport,New Delhi DIAL has prepared a Master Plan for modernisation of the airport to world class standards,well in time for Commonwealth Games 2010.The Master Plan is under implementation at the presently estimated cost of Rs.8975 crores.Keeping in view the paramount importance of completing the project in time for the Commonwealth Games,the Government have, in terms of Section 22A of the AAI Act 1994,approved,purely on an ad-hoc basis,the levy of Development Fee @ Rs.1300/- per departing international passenger and @ Rs.200/- per departing domestic passenger with effect from 01.03.2009,for a period of 36 months,to bridge the funding gap of Rs.1827 crores.The levy is subject to review after six months.Funds collected through the levy can be utilised only for the construction of such aeronautical assets which will be transferred by DIAL to AAI upon completion of lease period.In this process,the Ministry of Law & Justice has been appropriately consulted.